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ABSTRACT

The cost control program of the Beaverton School District (Oregon) is presented in three sections. Reviewing the role of the school board in cost control development, Jean Holt (a board member) outlines the fiscal management system, long-range financial strategies, energy conservation, and utilization of facilities. The programs have resulted in a 20 percent reduction of fuel consumption by the district, savings of over 1 million dollars from the risk management program, vehicle refurbishment (instead of replacement), preventative maintenance, and strict inventory control. Basic concepts of the cost control program are reviewed by Zeno Katterle (assistant superintendent). They include: (1) a long-term, multi-year commitment; (2) sound management; (3) readiness to consider alternatives; (4) accuracy of information; (5) commitment of funds; and (6) official sanction for the program. The final section is presented by Steve Gray (manager of accounting services). Outlining the use of cost information, he describes five components: (1) the design of the program account structure, (2) the use of comparative and historical costs for projection, (3) trends and projections, (4) direct and indirect costs, and (5) the practical application of cost information. Hand-outs included with this document are: (1) the table of contents and introduction pages of a report on a summer workshop meeting, held June 19-20, 1981; (2) a copy of school board policies, dated September 27, 1982; (3) an outline of the Beaverton School District's long-range plan, dated June 13, 1983; (4) suggested guidelines and questions for budget request review, February 23, 1984; (5) long-range financial information for a school board summer workshop, held August 19-20, 1983; and (6) a March 6, 1984 summary of steps to take to develop more cost effective custodial and maintenance services. (MD)

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BEAVERTON SCHOOL DISTRICT #48
BEAVERTON, OREGON

"OUR COST CONTROL PROGRAM IS REAL, AND GOOD PR TOO"

Outline of Presentation (B-23)

Item	Presenter
I. INTRODUCTION OF PANEL AND PROGRAM	James Harris Board Chairman

A. Introduce Members of Panel

B. Give Brief Description of District
- Number of Schools, Students, & Staff
- Size of Budget
- Closed Six Schools
- Opened Two New Schools

C. Cite Examples of Cost Control
- Energy Management Incentives
- Risk Management - Self-insured
- Transportation - Diesel Engines
  - Route Changes
  - Pathways/Guards
- Closing Six Schools
- Food Service - Shared Managers

D. Major Themes
- Long-Term Commitment
- Effective Management
- Sense of Direction

E. Review Outline of Presentation

F. Indicate availability of handout materials at end of clinic

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II. ROLE OF THE SCHOOL BOARD

Jean Holt
Board Member

A. Set Priorities and Adopt Long Range Plan
(Use Long Range Plan Goal Statement No. 4)

4.1 Fiscal Management Systems

4.2 Annual Review of District Programs

4.3 Efficiency and Productivity of Individual Programs

4.8 Develop and Implement Measures to Control and Reduce the District Rate of Energy Consumption

4.9 Economical Use of Facilities

B. Board-Adopted Policy Statements

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Risk Management (3532)
Energy Conservation (6142.1)
Intergovernmental Cooperation (1450.1)
Leasing or Renting of Facilities, Sites, and Equipment (3272)
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C. Budget Committee Members Review Programs
Composition
Responsibilities
Program Assignments

D. Public Relations
Dealing with community involvement and reaction

E. Employee Bargaining Agreements
Maintain management prerogatives

F. Periodic Reports
Financial Reports
Long-Range Plan Progress Reports
Program Review Recommendations
Cost Control Report

III. BASIC INGREDIENTS — Zeno Katterle, Assistant Superintendent

A. Long term, multi-year commitment

B. An integral part of sound management

C. Readiness to consider alternatives

D. Availability and use of information

E. Readiness to make an initial investment

F. Need for official sanction of program

IV. USE OF COST INFORMATION — Steve Gray, Manager, Accounting Services

A. Program account structure

B. Comparative and historical costs

C. Trends and projections

D. Direct and indirect costs

E. Practical application of cost information

V. AUDIENCE QUESTIONS — James Harris

VI. HANDOUT MATERIALS

VII. CLOSING REMARKS

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"OUR COST CONTROL PROGRAM IS REAL, AND GOOD PR TOO"

I. INTRODUCTION OF PANEL AND PROGRAM

Welcome, my name is James Harris. I am chairman of the Beaverton School Board, from Beaverton, Oregon. I am here to talk with you about "Our Cost Control Program is Real, and Good PR Too." Helping me is Ms. Jean Holt, an eight-year veteran of the school board, past vice-chairman and chairman; Dr. Zeno Katterle, assistant superintendent-business, and Mr. Steve Gray, manager of accounting services. We will have a packet of materials for you to pick up at the end of our presentation so there is no need to take copious notes and miss half of the program.

Let me describe for you our district so you will have some comparative information with your district. The Beaverton District is 57 square miles in size, and has a population around 129,100 people, with 67,910 registered voters. The School Board is comprised of seven members who serve four-year terms, and meet the second and fourth Mondays of each month except in the summer. We have 26 elementary schools, grades 1-6; next year we start kindergarten; six intermediate schools, grades 7-9; and three high schools, grades 10-12; for a total of 35 schools. The number of staff members: 1,210 teachers, 925 classified personnel, 56 principals and vice-principals, and 33 District management personnel including supervisors, for a total of 2,224. There are 9,000 elementary students, 5,500 intermediate students, and 5,200 high school students, for a total of 19,700. Each day 11,600 students are transported home to school and returned. Our operating budget for 1983-84 is approximately $72,000,000. We have closed six schools and opened two new schools in the last few years.

In our handouts to you at the end of the program will be a broad range of the cost control materials. Let me cite some examples of cost control: (1) Energy conservation incentives, (2) Self-insurance, (3) Transportation - conversion to diesel engines, route consolidation, putting in pathways and crossing guards, (4) Closure of six schools, (5) Food services using shared managers between schools, and (6) User fees.

There are some major themes or key elements to cost control. First, you must have a strong school board commitment so that the administration knows you are committed to cost containment, not as a quick fix, but as a long-term approach. This is especially important when the political heat is applied.

Second, you need to know your goals. What do you want to accomplish?

Third, cost control boils down to just good management, planning, organizing, leading, and controlling. This includes the day-to-day details. It's a matter of the way you approach your job!

Fourth, you must have good hard cost data.

Fifth, is forcing elements like: a need to reduce programs, and thoroughly reviewing programs periodically (three to five years) top to bottom.

Let me review the five major themes:

1. Strong Board commitment and follow through over a long period of time.

2. Know your goals, or what do you want to accomplish?

3. Good management.

4. Good hard reliable information.

5. Forcing elements.

I would like to review the outline of the presentation that will follow. Ms. Holt will give you the School Board's role; Dr. Katterle will discuss some of the basic ingredients; Mr. Gray will give you some cost information. I will moderate a question and answer session, we will hand out the materials, and I will give some closing remarks.

To give you the Board's role in cost control is Ms. Jean Holt.

II. ROLE OF THE SCHOOL BOARD

The primary role of the School Board in an effective, efficient cost control program is commitment. This means setting your priorities and adapting them into your long-range plan. Beaverton's Goal Statement No. 4 says: we will "Focus primary attention on the use of the District's available financial resources through sound fiscal management, long-range financial strategies, energy conservation, and utilization of facilities."

Within this goal statement are sub-goals, five of which deal directly with our subject today. The first deals with our fiscal management system - to continually refine and improve it and to insure sound and efficient use of our available financial resources. Examples:

1. Maximize the earnings from investments of our general operating funds;
2. Multiple year forecasting;
3. Monitor the grant management systems;
4. Reduce the processing time required for accounts payable transactions;
5. Develop purchasing procedures to take maximum advantage of the most favorable market conditions;
6. Analyze and evaluate the cost effectiveness of the accounting department; and
7. Design a complete budget preparation manual and review the fiscal management practices of other agencies to see if we can use them.

The second sub-goal deals with our Annual Review of District Programs. Examples:

1. To annually conduct an intensive review of one-third of the District's programs;
2. To conduct a community survey every two to three years to measure the level of support; and
3. To annually identify and review the need to expand or add programs.

The third sub-goal deals with the efficiency and productivity of individual programs, such as implementing selected suggestions and recommendations that come as a result of the annual program review. These include custodial training, shared food service managers, standardized menus, and an "awareness" program for school bus drivers on vehicle operating costs.

The fourth sub-goal talks about reducing the District's rate of energy consumption. We did a detailed study of our more energy-intensive buildings. A list was made of energy related projects, money was set aside in the budget, and capital construction funds were utilized to complete these changes. The District included in our last bond issue $750,000 for these projects.

- Each school has identified goals and objectives which are used as references and are measured throughout the year. This information is provided back to individual buildings monthly, to assist in monitoring their programs.

- Primarily because of budget reductions, we decided to reduce the fuel consumption by school buses. We consolidated and reduced some routes and extended the walking distance, resulting in 13 fewer buses being used.

The last sub-goal involves the economical use of District facilities, meaning such activities as five-year student enrollment projections, by area, within the District. We have closed six schools, the last two because of a shift in enrollment. The District has maintained ownership of all but one of those schools, so part of this goal is to identify alternative use of surplus buildings and space.

We have developed policies and administrative regulations to help determine if and when a school should remain open.

Lastly, we did a study to find out the most energy efficient way to use buildings during the evening hours. As a result, we have consolidated activities wherever possible and instituted an energy use fee.

Included in the handout materials you will receive at the end of our session are copies of Board Policy Statements, some of which I have already mentioned. You will also find a copy of our Risk Management and Insurance Program. This policy sets up guidelines and criteria for loss, record keeping, and program review; it establishes a single agent of record and our insurance reserve fund. We are self-insured in our workers' compensation fund and this policy also establishes these guidelines.

We have a policy on Intergovernmental Cooperation. We have tried to work with other agencies to promote efficient use of resources by sharing facilities and avoiding duplication of services. With some of these agencies, we have written agreements covering such areas as responsibilities, payment of fees, insurance, and activity coordination.

Our program title states that not only is our cost control program effective, but it's good PR. This is one area where our Budget Committee comes in.

We have 14 voting members on this committee, which is chaired by a citizen from the community, not a Board member. Of the 14, one-half are citizens appointed by the seven Board members for a three-year term. Each Board member also appoints seven non-voting alternates for a one-year term. These alternates sit in on studies and discussions. They receive all materials and are included in all public hearings. When a voting member cannot attend a meeting, an alternate is appointed to vote for that member. There is also a representative of the local Chamber of Commerce and a high school student. All of these appointments are made in September.

Between September and the end of the year, these folks have workshops and public hearings with different key communicator groups, such as our local school committees and presidents of our parent-teacher organizations. They establish the

budget dollar guidelines in a public setting, with input from the general public. After these guidelines are set, the superintendent and staff must come back with a budget figure that is within the guidelines set by the Budget Committee.

All voting and nonvoting members are assigned a budget function to follow through the budgeting process. They report back to the entire committee their findings and recommendations. These include suggestions to increase the proposed dollars; to add staff; to drop?; to revise?; and sometimes to change the District's emphasis on a particular program.

Included in your handouts will be a copy of the suggested guidelines and questions that we ask all Budget Committee members to keep in mind and to use while reviewing budget requests.

Public relations can be positive or negative message, but it contributes to communication. As I mentioned earlier, we eliminated 13 buses this year. That meant a savings of $500,000, but it also meant that more than 1,000 more students would be walking, and a reduction of 13 employees.

In February of 1983, our Board decided to eliminate these buses as part of an overall $2.5 million budget reduction. The press reported it. At the same time, we were debating publicly how many and which schools to close. By the time this decision was made, it was close to the end of the school year and parents weren't paying a lot of attention to school busing. But did we ever get their attention in the fall when they found out which buses were cut and that their children would be walking, some as many as two miles!

Our Board kept saying that because of fiscal constraints, we had to make more reductions, and transportation was a preferred area as shown in our surveys. People didn't want us to cut educational programs and, after all, the purpose of schools is to educate children. As you can well understand, we received a wide range of charges and threats - everything from recall to lawsuit - to the parent who said it was the school's responsibility to see that his children were safe from the time they walked out his door in the morning 'til the time they walked back in that same door at night.

An unfortunate incident occurred shortly after school started last September. A 13-year-old girl walking to school on a bike path was raped. She lived in an area where students were normally bused to school. However, the rape occurred in a non-bused area and the girl wasn't walking the route designated, nor was she with a friend; she was alone and the individual who perpetrated the crime is still free. As you can guess, the School Board was blamed for this, as well as a couple of other minor incidents.

For years, our Board has said that schools cannot afford to be all things to all people. We have always said that the home must accept some responsibility, such as breakfast, clothing, and the safety of a child prior to the time he reaches school property during the regular school day. In the case of this rape, we all agreed that it was a horrible, unfortunate incident, but that the ills of society and the community were to blame, not the School Board. We stated that had it occurred later on in the day or on a weekend, the reduction of buses would never have been in question. We received strong support from our local press.

Now you talk about intergovernmental cooperation and community involvement - this really brought them all together. I want to list some of them for you.

- City police
- County sheriff
- Park and Recreation District
- School District
- Retired senior citizens
- Local churches
- Parent-teacher organizations
- Local neighborhood groups
- Students
- Local businesses
- County Rape Crisis Center
- All the forms of media

and, most importantly, people!

You talk about PR! The easy way out would have been for the Board to put the buses back in, but we held firm on our stand, explaining the need to reduce the budget Support services lend themselves to reductions and the community has told us to stay away from the instructional programs.

One parent, in particular, was very vocal. She organized her neighborhood quite well and brought in all areas of the media. What we did to help defuse the problem was to establisn a hearings board where parents could request a review of their bus routes. Where it was legitimate, we made changes or revisions. The Board also established a transportation review committee to look at our transportation needs, both current and in the future. One of the members of this committee was the vocal parent. She kept saying, "Cut someone else's bus, or cut them all, but not mine." Because of her involvement on this review committee, she found out that her neighborhood wasn't receiving a lot of sympathy from the rest of the District.

As a result of all this, we have neighborhood carpools, crossing guards at major intersections, better cooperation from law enforcement agencies, and, most importantly, a better understanding by more citizens who realize that financing public education is very expensive and complicated and the responsibility of the entire community.

I suspect that there's not one of you in the audience who hasn't had a member of your community say, "What are you doing to control the cost of education?" It's great to be able to say we are, and then list such things as:

- Our actual fuel consumption has been reduced by 20 percent over the last seven years;

- Our energy consumption at building levels has been reduced by 25 percent;

- In excess of $1 million has been the cost reduction because of our risk management program;

- And, because of good, sound financial management and reporting, our District receives awards and these awards result in higher ratings for bonds and tax anticipation notes, thus lowering interest costs;

- Vehicles are refurbished when possible instead of replaced;

- We use a regular preventative maintenance program;

- Have a strict inventory control program.

Would you believe that maintaining your management prerogative in your employee collective bargaining agreements is cost saving? Such areas as retaining the right to name your district insurance carriers to development of specifications, writing employee job descriptions and making assignments without having to first call in your employee union makes it easier to control costs.

How do we, in Beaverton, know that all of these things are really happening? Our Board receives report cards from the administration in the form of periodic reports. Copies of some of these are included in the handouts available later. Our financial reports tell us overall how we are doing. Progress reports on our long range plan are regularly received from the superintendent, and program review recommendations are received annually.

Finally, included in your handouts are two summary reports that I, as a Board member, use constantly. They are:

- The Adopted Budget Fact Sheet

- The Cost Control Report Summary

Also included is a small fold-out titled "Quick Facts." I carry these three papers with me and refer to them on a regular basis. That is good PR of a quality Cost Control Program.

III. BASIC CONCEPTS

A. Long-Term - Multi-Year Commitment

There needs to be the patience and realization that positive results often take two to three years. Several steps are involved in the process of effectively controlling costs. These steps include a description and review of current practice, consideration of alternatives, implementation of changes, and evaluation of results. As an example, the restructuring of the District's insurance program included identifying potential risks, reviewing insurance policies, studying alternative practices, revising the agent of record selection process, rewriting Board policy, restructuring the financing of program to include self-insurance, changing the District budget, developing a new records keeping system, hiring a risk management specialist, and evaluating the results. The program has taken three to five years for full implementation. Costs have been reduced by well over a million dollars. This effort has required a multi-year commitment by the Board, administrative staff, and the District's insurance advisors.

B. Integral Part of Sound Management

There must be expectations and rewards for management to institute cost control measures. The expectations should be made a part of the individual manager's written goals, with the latitude to make changes. In addition, provisions should be made to reward success.

As an example, the District's custodial services program needed to be made more cost effective. This goal was incorporated in the responsible manager's annual goals. Custodial programs were visited in the public and private sectors. The District's program was thoroughly reviewed and described. As a result, a plan for change was implemented. The major components included establishing a custodial training school, greater reliance on equipment, product testing and standardization, and reallocation of staff. The program changes have been in effect a little over one year. In terms of dollars, the District will be able to reduce costs $150,000 to $200,000 next year. The long-term effects should be more substantial. The individual rewards have been in the form of feature articles in the press, requests for visitations from other agencies, School Board recognition, certificates of accomplishment, and separate organizational identity for custodial services.

C. Readiness to Consider Alternatives

As required in School Board policy, each of the District's programs must be thoroughly reviewed every three to five years. The review is to incorporate a consideration of alternative means for providing the program. This is to determine if the program goals can be met at a reduced level of cost or more fully met at the current level of cost. Any reasonable alternatives are to be fully considered rather than rejected out of hand. Criteria for acceptance includes not only costs, but political and staffing realities.

Some proposals for alternatives are accepted, while others are rejected or deferred. As an example, a recent proposal to change the starting and ending times for the school day would have saved approximately $140,000 in transportation costs. The proposal was not implemented because a survey of the community indicated a substantial majority of the respondents opposed the idea.

In contrast, a plan to self-insure the District employee health insurance program and change claims administrator was implemented, this, despite objections from the employee associations. In this case, the reduction in cost of several hundred thousand dollars more than offset the objections and warranted the change.

D. Use of Information

Accurate, well-documented, and easily accessible information is essential to cost control. The financial system must be structured to produce costs by program and historical comparisons. An effort should be made to seek out successful practices used by other organizations. The available information must be incorporated in the decision process. The School District tracks costs from year to year by program and object of expenditure. This provides an indication of particular areas where costs need to be controlled. As an example, the costs of employee benefits have been increasing at a rate faster than the balance of the budget. As a result, the District has implemented cost controls for workers' compensation, long-term disability, and health insurance. In order to obtain the necessary information, it has been necessary to hire a skilled accounting staff, attend training seminars, travel to visit other programs, review the literature, and hire outside consultant help.

E. Readiness to Make an Initial Investment

The School Board needs to commit the funds to collect and maintain information, provide training, acquire equipment, and set up long-term reserves, or other appropriate investments as required to implement a cost control program. Usually the most effective, long-term measures initially increase costs. As an example, the District, in the first three years of assuming increased risk in the casualty insurance program, devoted substantial dollars to set up a self-insurance reserve fund. The District currently makes a small annual contribution to the self-insurance fund and has substantially reduced the cost of premiums.

F. Need for Official Sanction of Program

The cost control program has to be made a formal part of a district's operation. This is done through Board policy, the long-range plan, the budget process, Board reports, and management goals. These provisions formally incorporate cost control into the district's operation. This places the district on record that cost control is an ongoing expectation of the district and helps insure its application in the day-to-day operation of the district.

IV. USE OF COST INFORMATION

A. Program Account Structure

Budgeting is an important part of cost control. Various budget systems are used by school districts. The most pervasive is the program budget format.

The program budget provides a codification system, together with the goals that are to be accomplished. There is a close linkage between planning and action. Included in the program budget are "objects of expenditure" that are services or items purchased necessary to carry on the program.

The program budget format may provide a built-in, cost accounting system; however, this is usually not the case. Separate financial analyses are usually required to track cost savings. This is very similar to private sector cost accounting.

B. Comparative and Historical Costs

Cost accounting is most effective if there are a minimum of five years of historical costs displayed in a consistent format. Comparative and historical costs include expenses and expenditures as well as percentages, rates, averages, and budget vs. actual information.

Without the assistance of historical costs, the future is extremely difficult to project.

C. Trends and Projections

Using the historical costs, a forecast can be developed. The forecast or projection provides information which is critical to the future of the school district. Forecasting allows time to plan and manage future budgets and programs contained in those budgets.

D. Direct and Indirect Costs

Direct and indirect costs as well as intangible costs such as staff stress, withdrawal, and depression translated into sick pay are important in the consideration of cost controls.

Intangible costs may offset the savings from a cost control program. Be careful to include some estimate for intangible costs, or be sure the savings will exceed the intangible costs.

Costing is a complex and sophisticated proposition and should be treated accordingly. You will be tested on the cost information you publish.

E. Practical Applications of Cost Information--School Closure

The Beaverton School District has closed six elementary schools in the past eight years. The objective in closing these schools was to provide the same level of service for less dollars. It is important to understand that this objective did not conflict with the program goals in elementary education.

Some critics of the theory that closing schools can save money claim that these dollars are routed to other programs. We saved money by reducing the budget.

We saved the fixed costs associated with the building. This included the salary and benefit costs of the principal, school secretary, custodians, physical education, music, band, and learning disabilities teachers, and the librarian. We also saved the non-salary expenses such as utilities, garbage, maintenance, supplies, and materials.

Additional costs included transportation, moving portable classrooms costs, and operating the school. No additional costs were incurred for operation and maintenance of the plant since the buildings are leased at a minimum break even basis. If you cannot assure this relationship, the additional costs should include an estimate of operation and maintenance expenses.

A system to track the budget reductions was established. These reductions were exactly the amounts we estimated. It is important to do your homework beforehand to minimize disparity.

The community in the area designated for school closure was not happy. Their unhappiness resulted from their school being closed, not the cost control program. The cost control program was supported by the entire district because efficiency and cost savings were the objectives. The School District has saved $335,000 per school closed, for a total of $2,010,000 for six schools in 1983-84 dollars. The cost savings multiply each year.

The cost controls implemented by the Beaverton School District have taught us many lessons in human nature. Some of these are reflected in the following truisms.

1. The best program to reduce or eliminate is the one that affects someone else.

2. The trick is to tax the taxpayer, not the voter.

3. There is a program, we'll call it "THE MYSTERY PROGRAM", that can be cut and affect no one.

4. The School District has too many administrators, all of which are overpaid.

5. You can reduce programs and costs without affecting the level of service.

6. Contracting services relieves the School District of the ultimate responsibility.

7. It is possible to negotiate directly with the Saudi's for bulk oil.

Cost control is an attitude that takes place over a long period of time and requires a consistently high level of effort to accomplish. It is a local proposition you endure alone and works best when the underlying objective is constantly remembered. A cost control program will work more effectively in one school district than another, based upon its attitude and, subsequently, its level of commitment.

Our cost control program is real and good PR Too.

HANDOUTS

Includes only Table of Contents and Introduction. For a copy of the complete report, contact:

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SUMMER WORKSHOP MEETING

JUNE 19-20, 1981

DEVELOPING STRATEGIES FOR FINANCIAL STABILITY

Beaverton School District No. 48

DEVELOPING STRATEGIES FOR FINANCIAL STABILITY

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I. INTRODUCTION

Local government agencies, including school districts, are undergoing and will continue to undergo considerable financial stress. This condition is accentuated in Oregon by the recent economic slowdown.

The financial situation for school districts is particularly difficult because of the limited number of available major sources of revenue. In addition, school districts are extensively dependent upon the state and federal governments for financial assistance. The recent reduction in the levels of support from these two sources means that schools in Oregon must again turn to the property tax to maintain programs. This could result in new attempts to further limit this source of revenue.

The financial picture is complicated by dramatic changes in the make-up and distribution of the population, the increased demand for services, and the intensified competition for funds among public agencies.

To help provide District 48 a higher degree of financial stability, it is recommended that the School Board and administration develop specific strategies. This report is designed to help begin the process. The report provides:

a. A review of the District's revenues and expenditures over the last three to five years.

b. A description of constraints and other factors which will influence the District's financial future.

c. A list of cost controls and efficiency improvements implemented by the District.

d. A general description of several strategies to help assure financial stability.

It is hoped that the information in this report will serve to help better understand the District's financial commitments to date, and major sources of

revenue, as well as facilitate a discussion of possible strategies to help assure the District's financial well-being. One of the outcomes should be to select and incorporate strategies for inclusion in the District's long range plan.

2460

Periodic Review of Programs

The administration shall annually review selected District instructional and support programs. Each program shall be reviewed at least every three to five years. The primary reasons for the review shall be to determine if programs are meeting a justifiable need, to help insure operational efficiency, and to provide a base of information to be used in the event budget reductions or increases become necessary.

The reviews shall involve staff members who carry out the program being reviewed. In addition, consideration shall be given to involving the recipients or clients of the program as well as outside experts. The reviews shall be conducted prior to the preparation of the proposed budget.

The superintendent shall establish procedures and guidelines for conducting the reviews.

27 September 1982

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Risk Management and Insurance Program

This School District shall maintain a well-planned and coordinated Program of Risk Management which provides a program of protection and insurance and/or self insurance for all real and personal liability of all members of the School Board, employees, and agents of the District for damages to persons or property, and which insures and/or self insures the District from losses due to employee dishonesty, injury, and death.

Personal property of employees will be not insured. The only exception is for loss by fire on District property and then the District's fire insurance will provide secondary coverage to the employee's own insurance.

A guideline principle shall be that if the loss potential in dollars for a particular risk is substantial and cannot be assumed within the regular operating budget, then a program of insurance should be developed and maintained.

Risk Management and Insurance Program (continued)

Management

A coordinated system of current records shall be maintained to include insurance policies, equipment inventory, facilities appraisal, loss and claims reports, and program costs.

The administrators charged directly with the Risk Management Program are to maintain regular communications with the District's insurance agent, the District's attorney, and the personnel responsible for property accounting.

Program Review

A thorough review of the program shall be conducted at least annually. An annual report to include recommendations for necessary changes, assessment of the prior year experience, current trends, and points of special interest shall be made to the Board. Every three to five years, a consultant(s) will be selected to conduct a risk management audit of the District's program. The adequacy of the District's insurance program should be measured according to coverage, service, and cost.

Agent of Record

The District will retain a single agent of record for casualty and property insurance and bonds. The agent will be designated by the School Board for a period of three years with an annual review of the type and quality of service provided. The agent is responsible for assisting the District administration with the development of a sound insurance program and for writing and serving all necessary policies and statutory bonds. The specific means of selection, minimum qualifications, and responsibilities of the agent of record are to be developed and placed in the Administrative Regulations.

Insurance Reserve Fund

The purpose of the fund is to separately identify the financial reserves necessary to cover insurance deductibles and other self-insurance needs of the District's insurance management program. It is essential that the financial integrity of the fund be preserved for its stated purposes.

Revenues into the fund will be budgeted by transfers from the general fund in amounts determined annually to meet the purposes of the fund.

Expenditures from the fund will occur as self-insured claims to pay the cost of deductibles under fire and extended coverage policies and/or all risk losses to other property. Risks that may be transferable but which are elected for retention by the School District may also be covered by the fund. Such risks are identified as infrequent occurrences of loss, such as architect fees not covered by reconstruction after loss or demolition costs required by municipal agencies before remodeling.

Risk Management and Insurance Program (Continued)

Workers' Compensation Fund

A separate fund will be maintained to account for costs and reserves of the Workers' Compensation Program. The fund will pay for all administrative costs, service fees, state assessments, and excess insurance premium costs which are related to management of the program. Time loss payments to employees and medical claim costs shall be paid by the fund.

Revenues to the fund will be budgeted by transfers from the general fund in amounts determined annually. The rate of standard premiums as set by the Workers' Compensation Board of the State of Oregon and the District's own loss ratio will be the basis for determining the amounts to be transferred.

A continuing goal of the program shall be to maintain reserves in the fund which are adequate to pay present and future employee claims. These cash reserves shall be invested until needed for payment of claims so that investment earnings will aid in the costs of administration of the program.

Adopted 19 April 1976
Revised 7 May 1979
18 January 1980

6142.1

Conservation of Energy and Natural Resources

The School District recognizes its educational and operational responsibility to develop and maintain programs to support the consdervation of energy and natural resources. The programs will be mutually supportive and interrelated whenever feasible.

The District As An Energy Educator

The conservation and appropriate use of energy and natural resources are major ingredients in the continued welfare of the country and its citizens. All institutions and citizens share in the responsibility for fostering effective energy/natural resource conservation programs. The school, among all institutions, is in a unique position to provide leadership in providing facts and developing appropriate attitudes and skills for a large segment of the population--adult community members as well as students.

In order to meet its obligation in the total energy/natural resources conservation program, the District shall include energy/natural resources education as an integral part of the curriculum.

Conservation of Energy and Natural Resources (continued)

The District As An Energy Consumer

Energy and fuel must be used to provide necessary services in the District, but at the same time it should be a primary goal to conserve energy.

The District shall take steps necessary to eliminate any wasteful practices.

To achieve the objective of conservation, the District shall develop and maintain a program of efficient energy utilization in the daily operation of the District's facilities.

Measures will be undertaken to help assure consistent and effective control of energy consumption. These measures will include a broad and general awareness and utilization of climate, weather, plant growth, position and configuration of buildings, and other related factors as they impact both the exterior and interior of school facilities. The measures will also include staff awareness and training needed to meet conservation objectives. In addition, steps will be taken to provide for modifications, retrofitting of facilities when it is cost effective, and incorporation of energy-saving technology in new buildings. Further, heating and cooling will normally occur only during the times grades one through twelve casses are scheduled, lighting levels will be reduced compatible with the particular associated activity, and irrigation willbe limited primarily to competitive fields at the intermediate and high school levels. Finally, the confort zone for District facilities shall be maintained at a range which complies with Federal Department of Energy regulations.

The effectiveness of the program will be continuously assessed, with the results included in a report to the Board at least annually.

24 September 1979

Intergovernmental Cooperation

Whenever feasible, the District will attempt to develop cooperative agreements with local governmental agencies to promote the efficient use of resources by sharing of facilities and avoiding duplication of services.

Whenever appropriate, written agreements will be developed which include provisions related to responsibilities, payments, description of the property or service, insurance, liability, and necessary coordination of activities.

Intergovernmental agreements will be submitted to the School Board for approval.

22 November 1982

Leasing or Renting of Facilities, Sites, and Equipment

The School Board encourages efficient and cost-effective use of unused classrooms and closed school buildings. Leasing of space which is temporarily in excess of School District needs is one method of managing this resource.

The Business Division, in cooperation with the Instruction Division, will maintain listings of classrooms not being used for current school programs. The Business Division shall attempt to lease such unused space which will include joint occupancy of space in operating schools and partial or total lease of closed school buildings not considered to be permanently surplus.

The following groups shall be considered for leasing of school facilities in the order of priority listed below:

1. Tax-supported or private, nonprofit groups providing education-oriented programs.

2. Community organizations which enhance learning experiences for students or provide needed community services.

3. Government institutions and agencies.

4. Individuals or organizations engaged in profit-making private enterprises.

Applications to lease a room(s) in a building currently housing a District school should be made to the school principal and approved by the local school committee as provided for in Policy 1334 (Community Use of School Facilities Procedure).

The use intended by the applicant must be acceptable in terms of compatability with the operation of schools and community standards.

The District may also enter into lease arrangements of undeveloped sites which are owned by the District.

All equipment which is to be leased, rented, or used by the District or owned by the District to be leased, rented, or used by non-District persons or agencies shall be approved by the assistant superintendent for business.

Agreements to lease shall be in written form and signed by both parties.

The superintendent shall develop regulations to effectively manage District leasing activities.

22 November 1982
4 April 1983

Closing Schools

The District will maintain current information concerning student enrollment, community development, and the cost of operating facilities. The information will serve as the basis for determining trends and making projections of future enrollments and costs. If projections indicate a substantial and continuing enrollment decline in an area of the District, the superintendent will develop a plan of action. The plan shall reflect a study of alternative solutions to the problem of declining enrollment and may include a recommendation to close one or more schools.

The School Board shall determine whether to close a school and whether a citizens committee should be appointed for the purpose of recommending which particular school(s) to close. If a citizens committee is appointed, the superintendent will be responsible for making the appointments and providing background information.

Criteria for determining the most appropriate school to close will include, but may not be limited to, demographic projections, economics of operation, physical condition of the building, traffic factors, safety factors, as well as the general impact of the closure. The criteria are to be defined in an administrative regulation developed by the superintendent.

When it is decided a school is to be closed, time should be allowed to communicate with the public, plan and carry out the attendance boundary changes, reassign students and staff, and coordinate activities among the schools involved.

A school closed for regular school purposes should be considered for alternative uses or sale.

Adopted 10 March 1980
Revised 16 August 1982

BEAVERTON SCHOOL DISTRICT
Beaverton, Oregon

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.1 (continued)	4.1.7 Design a complete budget preparation manual, to include a step-by-step explanation of data processing and budgeting procedures necessary to compile the budget.	(4.1.7) The first draft of the manual has been completed. Final copy is to be produced for the 1984-85 budget process.
	4.1.8 Complete the interface between the position control and fiscal systems. This is a further refinement which will insure greater accuracy in fiscal and position control processing.	(4.1.8) No progress has been made during the 1982-83 year. Emphasis will be placed on this activity for 1983-84 and 1984-85.
	4.1.9 Review exemplary fiscal management practices developed by other agencies, to determine if they could be used to improve the District's current practices.	(4.1.9) Materials have been requested from other agencies on a national basis. Results to date include new cost control steps, some administrative reorganization, and increased emphasis on training.
4.2 Provide for an ongoing scheduled review of the overall scope, level, and type of programs operated by the District.	4.2.2 Schedule and annually conduct an intensive program review of approximately one-third of the District's programs, including involvement of citizen advisory committees and a report to the School Board. Coordinate the selection of programs with the assignment of programs to Budget Committee members for review and reporting purposes.	(4.2.2) This activity is now an ongoing practice of the District. Selected reviews were conducted this year.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.2 (continued)	4.2.3 Every two to three years conduct a community survey designed to measure the relative level of support for the District's current or additional programs.	(4.2.3) The District decided not to conduct a survey during 1982-83. The District has a plan for a citizens-staff committee to react to the report from the National Commission on Excellence in Education.
	4.2.4 Annually identify and review the need to expand or add programs which have been mandated or appear warranted on the basis of a stated need.	(4.2.4) This will be a continuing activity.
4.3 Maximize the efficiency and productivity of individual programs as well as overall District operations.	4.3.1 Implement selected suggestions and recommendations from the annual review of programs to provide maximum efficiency and productivity.	(4.3.1) As examples of progress, additional efficiency measures have been implemented in custodial services (equipment replacement, product testing, training, reorganization of summer crews); Food Services (shared managers, standardized menu planning).
	4.3.2 Develop an automated maintenance of records facilities system to keep track of expenditures (historical and forecast) by type and cost center.	(4.3.2) Records have been set up and are maintained for each cost center.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.3 (continued)	4.3.3 Annually compare the costs of selected support programs operated by the District with contracted services.	(4.3.3) As various programs are given an intense review, a comparison wil be made with private sector operations to include cost comparisons.
	4.3.4 Develop basic mission statements and goals for the maintenance and custodial programs.	(4.3.4) Basic mission statements have been completed.
	4.3.5 Review the current organizational structure of the maintenance department to determine if it is compatible with the goals of the organization.	(4.3.5). A review of the program is in process. A comparison with maintenance operations in both public and private sector has been completed.
	4.3.6 Test the inventory control system for maintenance, custodial, and transportation.	(4.3.6) Current system has been reviewed. Changes are still pending.
	4.3.7 Review types of contractual agreements between District #48 and various architectural firms.	(4.3.7) A review has been completed. Possible revisions to current contract form will be considered prior to signing any new agreements.
	4.3.8 Have architectural specifications reviewed for cost effectiveness by a general contracting firm.	(4.3.8) This process will be followed when specifications are to be considered for acceptance.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.3 (continued)	4.3.9 Establish a training program for custodians, maintenance, and grounds crew workers.	(4.3.9) A custodial training school has been implemented and two classes have completed the program.
	4.3.10 Examine the feasibility of decentralizing some maintenance functions in order to decrease man-hour costs.	(4.3.10) Some additional maintenance functions have been assigned to the secondary schools.
	4.3.11 Provide centralized planning and material selection in order to reduce the number of man-hours necessary to get ready for a job.	(4.3.11) Changes have been made in the assignments and follow-up for various jobs. There is a closer tracking of man hours and materials by job.
	4.3.12 Make school bus drivers aware of driving habits and their relationship to maintenance and fuel economy. Provide training in record interpretation and development of proper driving habits.	(4.3.12) Additional emphasis in this and other areas is being incorporated into training programs. This activity will be given more attention next year.
4.4 Identify and consider for use additional and/or alternate sources of revenue.	4.4.1 Work cooperatively with booster clubs, parent-teacher organizations, and community groups to help financially support the District's activity programs.	(4.4.1) This has been an ongoing effort. Some additional support may be forthcoming as a result of budget reduction and student fees planned for 1983-84.
	4.4.2 Consider various fund raising activities to be conducted by the District to help support selected programs.	(4.4.2) No additional activities to note at this time.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.4 (continued)	4.4.3 Make provisions to sell surplus sites when the time is appropriate. This could include oversized sites which are currently occupied.	(4.4.3) The market conditions have not been conducive to sale of sites during the last two years. As conditions improve, the District has identified sites for possible sales.
	4.4.4 Develop a policy statement with supporting regulations for the leasing of excess space. The policy should include the marketing of space and obligations of the District and tenants.	(4.4.4) A policy statement was submitted to and acted upon by the School Board.
4.5 Share or shift the responsibility for a selected number of District programs with other agencies.	4.5.1 Define and limit District responsibility for community programs. Identify other agencies that promote these programs and shift the cost and responsibility to them.	(4.5.1) The primary emphasis has been upon continued development of cooperative agreements with the Park District.
	4.5.2 Identify District programs which also are a part of other public agencies operations for the purpose of determining if the resources of both agencies could be combined or contracted with the other agency.	(4.5.2) This activity is being explored in the area of data processing services.
4.6 Expand or develop additional activities to improve the overall level of communication with the general public about school finances.	4.6.1 Continue to improve various financial reports.	(4.6.1) Further requirements have been made to the schedule and the material included in the reports, primarily the narrative section.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.6 (continued)	4.6.2 Develop a simplified version of the annual budget to be used for general public distribution.	(4.6.2) This activity has not been implemented.
	4.6.3 Continue to provide information programs to help the representatives of the media to better understand the District's financial operations and cost control measures.	(4.6.3) District representatives have met with members of the press individually and collectively throughout the year to explain financial reports, projections, and the proposed 1983-84 budget.
4.7 Make a more concerted effort to influence decisions at the state level of government which have a direct impact on the District's programs.	4.7.1 Cooperate with the various school-related associations to sponsor legislation which will provide a more stable financial base for public schools.	(4.7.1) Specific bills have been reviewed with the School Board during the current session. Those bills supported or opposed by the Board have been followed up through contact with legislators and providing testimony.
	4.7.2 Provide written information and testimony to legislative committees concerning the financial impact on the District of various proposed legislation.	(4.7.2) Testimony has been provided to legislative committees.
4.8 Develop and implement measures to control and reduce the District rate of energy consumption.	4.8.1 Develop and submit applications for federal grants to help meet the District's costs for energy studies, system modifications, and retrofitting (update or replace existing equipment to be more energy efficient).	(4.8.1) This activity is no longer a feasible option.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.8 (continued)	4.8.2 Implement cost-effective operational and mechanical measures as determined from detailed studies of the District's more energy-intensive buildings.	(4.8.2) A combination of budget and capital construction monies has been used to complete the initial list of energy related projects. Additional projects are now being developed, including the use of microprocessors in the high schools.
	4.8.3 Insure the most energy-efficient uses of existing systems by developing individual building operational plans.	(4.8.3) This activity was completed during 1982-83.
	4.8.4 Incorporate the best available and cost-efficient energy technology in the design of new facilities through information which will be available upon completion of the District's current study.	(4.8.4) The study was completed and accomplished for new construction. Similar steps will be taken when and if the District constructs new facilities.
	4.8.5 Closely monitor and assess the District's ongoing use of energy, through the establishment of District and building goals, to determine if rates of consumption are being controlled and reduced.	(4.8.5) Each school has identified goals and objectives which are used as references and are measured throughout the course of the year. This information is provided back to individual buildings on a monthly basis to assist in monitoring the program.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the district's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.8 (continued)	4.8.6 Review current transportation bus routing and student walking conditions to enable reductions and/or consolidation of bus routes to reduce fuel consumption.	(4.8.6) The District will reduce 14 routes at the elementary, intermediate, and high school levels for 1983-84. This is primarily a result of budget reductions to meet budget committee guidelines.
	4.8.7 Continue the regular program of school bus driver instruction and monitor driving habits to insure a fuel-efficient driving program.	(4.8.7) This activity is now an ongoing aspect of the District's operation and training.
	4.8.8 Review the food service operation to determine possible alternatives for a more energy-efficient means in food preparation.	(4.8.8) Activity has been completed.
	4.8.9 Incorporate the existing Energy Management Project personnel into the structure of the Facilities/Transportation Department.	(4.8.9) The energy management project is now included within a combined custodial-energy management department.
	4.8.10 Invest in micro-processing equipment and installation to control heating, ventilating, and cooling in one large school.	(4.8.10) An agreement is being developed to test this equipment in one of the District high schools in 1983-84.
	4.8.11 Consolidate all record keeping and data analysis and assign the responsibility to one position.	(4.8.11) This activity has been completed.

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.9 Develop the information, processes, and make the decisions necessary to insure full and economic utilization of facilities.	4.9.1 Develop student enrollment projects for the next five years to serve as a data base for planning purposes.	(4.9.1) This activity will be updated to incorporate implementation of kindergarten and the possibility of a middle school program.
	4.9.2 Determine the impact of student enrollment projections for growth and decline by area within the District.	(4.9.2) This activity is a regular part of the District's enrollment projections.
	4.9.3 Identify possible alternative uses for surplus buildings or excess space.	(4.9.3) Surplus space is now being leased to a number of private and public agencies.
	4.9.5 Determine the total future number of school sites and buildings required to house the District's students.	(4.9.5) The administration submitted a number of policy or Board level questions which need to be answered before new estimates can be developed.
	4.9.6 Propose policies and adopt procedures to be used for determining the closing of selected schools.	(4.9.6) A revised policy statement was adopted by the School Board. Supporting regulations were also revised.
	4.9.7 Prepare a policy which identifies the important factors to be used in locating new schools or maintaining schools in their current locations.	(4.9.7) (Refer to policies cited in (4.9.5).)

DISTRICT GOAL AREA: # 4 Focus primary attention on the use of the District's available financial resources through sound fiscal management, long range financial strategies, energy conservation, and utilization of facilities.

School/Dept. Goals	Objectives, Strategies, Activities	Progress Report
4.9 (continued)	4.9.8 Define a measurement of economic efficiency: staffing, operating, and maintenance costs, to be used in conjunction with educational factors as a guide in determining if a school should remain open.	(4.9.8) The criteria has been identified and it is now necessary to develop a narrative description of the criteria for implementation.
	4.9.9 New activity - June 1982 Conduct a study to determine the most energy efficient way in which to use all schools during the evening hours. Provide data on potential savings as well as effect on community.	(4.9.9) Some activities have been consolidated such as the community college programs. In addition, an energy use fee has been established.

February 23, 1984

TO: Beaverton School District
Budget Committee Members

FROM: Zeno B. Katterle, Assistant Superintendent of Business

RE: SUGGESTED GUIDELINES AND QUESTIONS FOR BUDGET REQUEST REVIEW

Two basic questions need to be answered when reviewing budget requests:

1. Are the funds being efficiently used today?

2. What is a reasonable level of expenditure for next year?

The following guidelines or questions are designed to help you with your assignment of reviewing the budget development of one of the District's programs. Where appropriate, you may use some or all of the listed questions. These questions were developed over the last two years and have proved helpful in reviewing budget requests.

1. Assessment of prior year budget activities.

   a. What level of actual expenditures are currently projected as compared to the appropriations?

   b. Were objectives realistic; can they be achieved? If not, why not?

   c. What effect will the actual experience have on the level of funds requested for the budget?

   d. Are you satisfied that the planning for the budget requests was adequate, based on actual experience? If not, what steps are being taken to improve the process for the next year's budget?

2. Administrative processes used to develop the budget.

   a. Are adequate guidelines provided to assist cost center managers in developing their budgets?

   b. Are program or activity objectives established on all requests for funds? Can the stated objectives be measured and are there plans to do so?

   c. Who reviews and approves the proposals? Is the level of approval consistent with the amount of funds being requested?

3. Major constraints or factors influencing the budget.

   a. Are the continuing programs consistent with the community needs and the School Board policies?

   b. How has inflation affected costs?

   c. Are there new statutory or regulatory requirements?

   d. What are the effects of employee contracts?

   e. Is the specific program serving more staff or students?

4. Effect of District long range plans and department priorities.

   a. Have new programs or major additions to existing programs been requested?

   b. How was the need identified? Is it consistent with the policies and directions of the School Board?

   c. Has adequate consideration been given to development, implementation, and ongoing costs?

   d. Have adequate objectives been established and approved? Do objectives appear attainable? What means will be used to access objectives?

5. Program costs.

   a. Do requested appropriations appear consistent with past history, changes in objectives, economic factors, etc.?

   b. Does the distribution of funds by cost center appear consistent with prior years' and/or School Board policies?

   c. What steps are being planned to improve the efficiency of operations?

BEAVERTON SCHOOL DISTRICT NO. 48

School Board Summer Workshop

August 19, 20, 1983

LONG RANGE PLAN FINANCIAL INFORMATION

A report entitled "Developing Strategies For Financial Stability" was reviewed with the School Board during the 1981 summer workshop meeting. The report provided extensive information concerning the District's major sources of revenue and expenditures, including forecasts of future developments. The information served as a basis for incorporating a major financial goal into the District's Long Range Plan. The intent of the goal was to help insure the District's future financial stability. As a result of the goal statement, a significant number of supportive activities have been carried out. These have been reported to the Board in periodic progress reports.

It is timely to now update and review with the Board the same kind of information provided in the 1981 report. Several tables from the earlier report have been revised and are included for the Board's review. As a general conclusion, the District's financial condition looks very favorable for the current year and through 1984-85. After that point, the estimated revenues will be insufficient to maintain the established program. The District will be faced with the need to either change the level and scope of program offered or seek additional levy authority. Other factors which could have a significant influence after the 1984-85 year include an increasing rate of inflation, new collective bargaining agreements, an increase in student enrollment, and a possible property tax or expenditure limitation. It is advisable that the District take advantage of the time available over the next two years in order to plan and prepare for the changes which will occur after 1984-85. The workshop discussion can serve as a means to renew the efforts already incorporated in the Long Range Plan as well as outline additional activities for the next two years.

REVENUES AND EXPENDITURES--GENERAL FUND

Table I provides historical and projected revenue and expenditure information. Assumptions have been made which affect the level of revenue and expenditures. Variability in these estimates which have the most impact are discussed below.

Table II is a graph which is designed to show the relationship between current year's taxes and Basic School Support, which represent over 80 percent of the General Fund revenue.

REVENUE

Current Year's Taxes/Prior Years' Taxes--On a multi-year basis, these revenues must be viewed together. An overrealization in current year's taxes will result in an underrealization in prior years' taxes in the ensuing year. The reverse is true of an underrealization in current year's taxes.

The estimates of current year's taxes assume utilization of the six percent constitutionally provided increase in the tax base in 1984-85 and 1985-86. Additional levy authority is the only prospect for significant additional revenue. If the six percent increase is not levied, prior years' taxes would also be less than the estimate.

Basic School Support--Historically, a school district that relies on a significant apportionment in equalization, will follow a six year increase and decrease cycle in Basic School Support. The District's equalization has declined from $5.3 million in 1979-80 to $1.2 million in 1983-84. Further declines are expected and reflected in these estimates.

Net Working Capital--The estimate of net working capital assumes that revenues and expenditures will maintain a level similar to those projected through 1985-86. A significant underrealization and/or overexpenditure will reduce the actual net working capital. The reverse is also true.

Interest on Investments--The factors that could change this estimate are fluctuations in the deposit interest rate and/or the variability of the amount of funds available for deposit. This estimate assumes current market rates for deposits.

Other Revenue--Revenue from other sources include the following:

- Tuition
- Admissions
- Other pupil activities
- Rentals
- Miscellaneous local revenue
- County School Fund
- Common School Fund
- Handicapped Children Program
- Trainable Mentally Retarded Program
- Driver Education revenue
- Sale of fixed assets

These revenues have typically been less susceptable to wide fluctuations and are estimated to be relatively constant through 1985-86.

EXPENDITURES

Salaries--This category has the greatest impact on the budget, representing more than 60 percent of the total expenditures. For 1984-85 and 1985-86, the estimate of base salary increase is five percent. The 1985-86 salary will be determined by new collective bargaining agreements.

Employee Benefits--This category is subject to the most variability in the key factors affecting the estimates. The rate of contribution to the Public Employees Retirement System (PERS) will be lower; however, the State legislature could also reduce Basic School Support by an offsetting amount to help fund a tax relief program. The PERS board will approve a lowered rate this fall.

Social security is rising in 1984 in percentage of salary and maximum salary subject. The current rate of 6.7 percent will increase to 7 percent. The maximum salary subject will also increase the District's cost.

The District's medical and dental plans will increase at a 12 to 16 percent rate. This additional cost will have the most significant impact on employee benefit costs.

Non-Salary Expenditures--Purchased Services, Supplies and Materials, Capital Outlay, and other expenditures are estimated to increase 4.5 percent per year through 1985-86. This assumes a reasonable control over inflation, similar to that we have experienced in the past 12 months.

CONCLUSIONS

The District will continue to have the ability to fund the current program in 1984-85 and implement the statutorily mandated kindergarten program. The assumptions used to make this determination do not allow for wide variances in revenues and expenditures. The 1984-85 budget requires the depletion of $4.4 million in net working capital revenues. Without approval of additional levy authority, the 1985-86 year will require substantial program reductions.

2-1

TABLE I

BEAVERTON SCHOOL DISTRICT NO. 48

REVENUES AND EXPENDITURES--GENERAL FUND

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Revenues:								
Current Year's Taxes	$23,039,065	$23,647,228	$32,443,611	$41,761,671	$44,927,317	$46,300,326	$49,078,346	$52,023,047
Basic School Support	14,786,672	17,941,566	17,407,384	15,845,411	15,767,681	14,720,000	14,000,000	13,600,000
Prior Years' Taxes	1,958,959	2,532,125	2,508,305	2,331,588	2,449,723	3,073,764	3,286,000	3,486,000
Net Working Capital	2,649,775	2,385,861	2,730,703	2,786,270	4,530,918	6,957,611	5,180,229	759,212
Interest on Investments	560,797	977,214	1,211,391	1,038,534	702,165	965,000	965,000	965,000
Other Revenue	1,448,018	1,814,937	1,985,692	2,001,961	2,271,306	2,487,686	2,475,000	2,475,000
Total	$44,443,286	$49,298,931	$58,287,096	$65,755,335	$70,649,110	$73,504,387	$74,984,575	$73,307,259
Expenditures:								
Salaries	$28,962,960	$30,665,911	$35,195,266	$38,928,519	$41,212,360	$42,306,759	$46,218,623	$49,222,833
Employee Benefits	6,058,177	8,441,728	10,769,548	12,407,940	13,483,157	14,013,489	15,331,040	16,327,558
Purchased Services	2,460,871	3,005,326	3,393,114	3,865,533	3,768,913	4,612,220	4,672,510	5,091,773
Supplies and Materials	2,396,994	2,449,213	2,880,105	3,149,852	2,806,532	3,499,164	3,735,500	3,903,598
Capital Outlay	1,424,018	1,111,245	1,871,042	1,685,720	1,861,234	1,448,201	1,513,370	1,581,472
Other Expenditures	754,405	894,005	1,391,741	1,186,853	1,559,303	2,444,325	2,554,320	2,669,264
Total	$42,057,425	$46,568,228	$55,500,816	$61,224,417	$64,691,499	$68,324,158	$74,225,363	$78,796,498
ENDING BALANCE	$ 2,385,861	$ 2,730,703	$ 2,786,270	$ 4,530,918	$ 5,957,611	$ 5,180,229	$ 759,212	($ 5,489,239)

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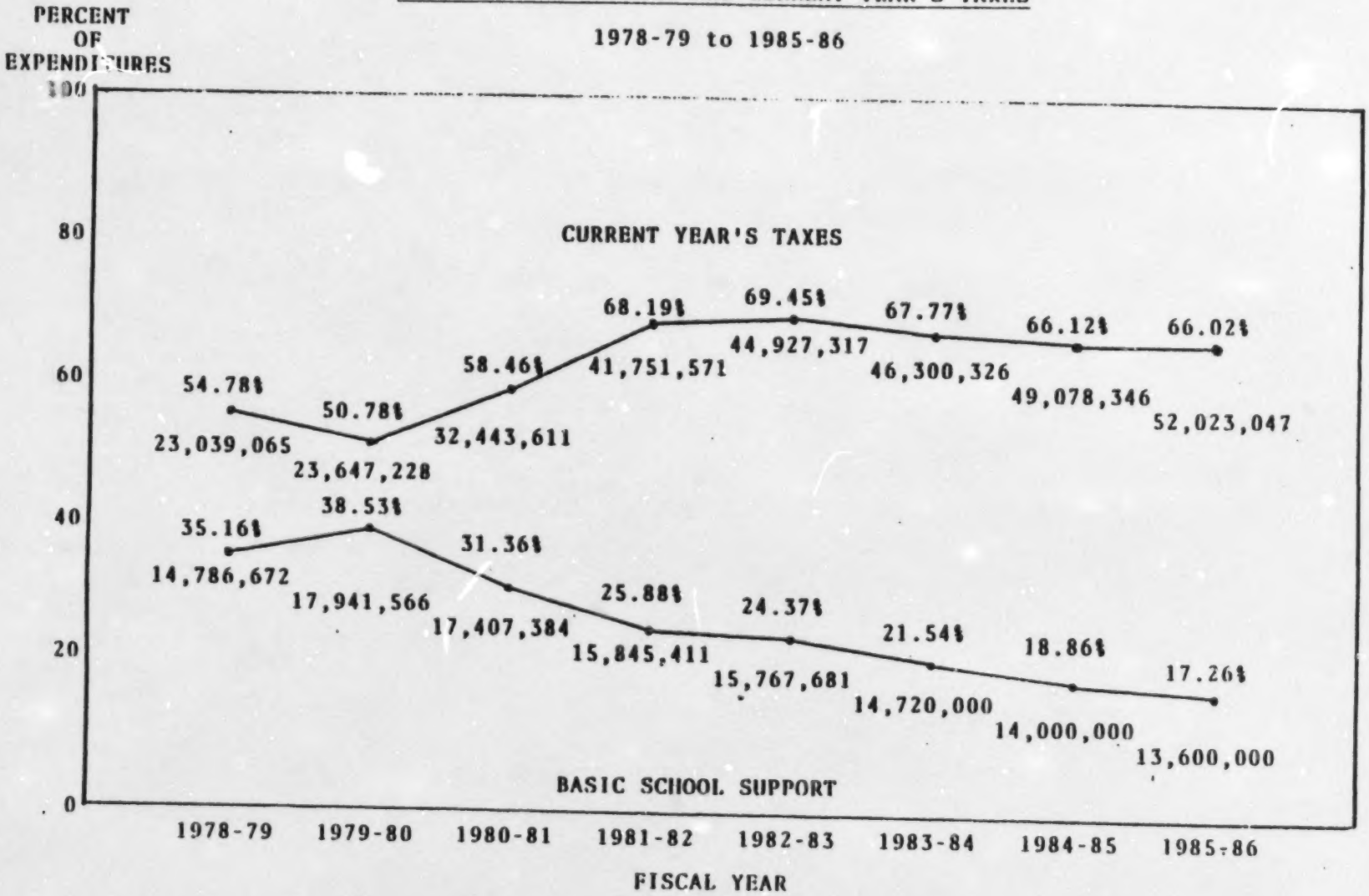
TABLE II

BEAVERTON SCHOOL DISTRICT NO. 48

BASIC SCHOOL SUPPORT AND CURRENT YEAR'S TAXES

1978-79 to 1985-86



Beaverton
Schools
District No. 48
P.O. Box 200 Beaverton, Oregon 97075
503/649-0422

Dell Squire
Manager Facilities/Transportation

March 6, 1984

TO: Zeno Katterle

FROM: Dell Squire

RE: OPERATING EFFICIENCIES: CUSTODIAL SERVICES AND MAINTENANCE DEPARTMENTS

A general goal of developing more cost effective custodial services and maintenance operations was set prior to the 1982-83 fiscal year. This goal was related to other goals having to do with organization and supervision. The following is a summary of steps taken to date.

CUSTODIAL SERVICES DEPARTMENT

Identity

Custodial Services has been given a distinct identity in the form of new leadership and reorganization of the department, including cost center identity, warehousing, and location.

Vehicles

Two minibuses were converted for custodial services' use. Having these two vehicles allows custodial services to respond to the schools' needs with centrally dispatched scrubbers, water vacs, and spare equipment. Having this capability should allow us to "catch a school up" if the budget reductions result in the school's falling behind on its cleaning schedule, or the school is unable to meet District standards.

Equipment

Some large scrubbers and extractors have been purchased. These pieces of equipment are already in service and were used in 24 elementary schools last summer, completing in a day and a half to two days tasks that took building crews two to three weeks in prior years. This freed up the building custodians to do other jobs that, in many cases, they would not have gotten to. We may need to do more of this type of work at the secondary schools, given the reduction.

District Crew

The District day and night substitute custodial function has been reorganized. By reporting to the District Custodial Services Department, they are more efficiently dispatched to appropriate buildings. The crew is also better positioned to meet quasi-emergency situations. The best example is the work that was done during the cold weather over the holiday vacation. Essentially, the monitoring of all 43 buildings was carried out by this crew. This part of the organization should be able to respond if schools begin to fall behind or the cuts reflect in such a way that buildings begin to appear not up to standard.

Inspections/Reporting

The Custodial Services Department inspects each building on a monthly basis. This information is given to the principal and the supervisor of custodial services. The inspection and reporting process should allow us to have early enough warning to take appropriate action if the reductions in Custodial Services' personnel begin to have too great an effect on the schools.

Custodial School

The basic Custodial School is completing its fifth class. This schooling has allowed custodians to become more efficient in terms of product usage, proper usage of tools and machinery, and has made the foremen aware of the functions of Custodial Services and the people with whom they can work to help more efficiently design cleaning routes and work on solving other problems. Hopefully, this will help to reduce the effects of the cuts. The other three schools that are in the planning stages should also help in preventive maintenance and efficiency.

Product Testing

Custodial Services is working to standardize the products used by custodians in the School District. Most of the products that are being concentrated on such as waxes and cleaners are designed to be more efficient, less costly, and require fewer man-hours to use. There have been some notable successes and one or two failures; nonetheless, the effort will continue. Again, the idea is to reduce the number of man-hours necessary to keep the buildings at an acceptable standard of cleanliness.

MAINTENANCE DEPARTMENT

We have been looking at the organization of the Maintenance Department and have put into effect a number of changes. Following are some of the changes that should help to soften the effects of the reduction of one carpenter and one grounds position.

Flexibility

Staff has been hired in such a manner as to avoid being fully staffed at any time. This has been done to get a "feel" for how many people really are needed in the various trades and to allow us to have some flexibility. This flexibility has allowed Maintenance to adapt its staffing pattern to fit the organization's needs. One example is the gardener position that has been developed. This same concept can be applied if there is a need at a later date for an additional grounds person or carpenter.

Attitude

The Maintenance Department is in the process of making a significant philosophical shift. A maintenance department should have certain highly trained specialists in a wide variety of trades, but it must also have a willingness to act as generalist when there is no activity in a particular trade.

Record Keeping

Records are being kept on an individual building basis. While the cost accounting is not as sophisticated as it should be, the records are a significant additional management tool. The Department not only knows what is done on a month-by-month basis, but is able to share that information with the principals as well as let them know what work is left to do. This has significantly reduced the number of complaints from buildings and the anxiety in buildings about whether or not anyone remembers their work orders. The records have made priority setting easier and it is easier to determine what is actually taking place in terms of maintenance cost or recurring problems in a particular building.

Inventory Control

The entire Maintenance Department, including the trucks, have been inventoried. (A significant number of dollars can be lost by allowing parts to become obsolete, riding around in maintenance vehicles.) The control of our inventory is making planning more efficient.

Administrative Structure

Effective March 26, 1984, all foremen will begin to report to the assistant supervisor of maintenance. Essentially, this makes the assistant supervisor the operations officer for the Maintenance Department. He will direct all foremen, determine the number of persons to work on particular tasks, and generally supervise the crews. Prior to the assistant supervisor receiving a work order, the planning will have been completed under the direction of the supervisor of maintenance and the cost estimating and prioritizing of work orders will have been completed. We have tested this concept over the last number of months and are pleased with the results. It has given the foremen more time to actually participate in the work and

to be with the crew. It also administratively controls the backlog of work orders, therefore making priorization and planning easier, and has a positive effect on the work force in that they do not know how much backlog there is so they don't speed up, slow down, or recruit more work in their trade.

Vehicle/Equipment

Four minibuses have been converted to maintenance vehicles. This has allowed the crews to be dispatched more efficiently. That is to say, one person for a one-person job, two people for a two-person job, etc. It has also allowed carpenters, locksmiths, painters, and electricians to have the appropriate equipment, parts, and tools with them. This has reduced the number of trips back to the Maintenance Department to get something that has been forgotten.

Equipment

In the past two years, we have not requested any vehicles but have purchased such things as mowers, sweepers, top dressers, fertilizer spreaders, and sprayers. This was not because those pieces of equipment were in the rotation, but an indication of our commitment to purchasing equipment which does hard work and saves man hours. All the equipment that I have mentioned meets both of those criteria. Generally, a maintenance department does not "stress" its trucks or pickups. It is not like a construction crew where, if the vehicle goes down, work comes to a standstill or you are running such a highball operation that vehicles last a very short period of time. The current effort is to repair, paint, and generally retrofit our light duty vehicles rather than requesting new vehicles. There is no reason to believe that a normal half-ton pickup that only carries workmen or a foreman to a particular location in the School District can't last for 20 years with very reasonable maintenance costs. However, equipment such as mowers, fertilizer spreaders, sprayers, and other equipment that is worked hard cause expensive delays if they break down.

Purchasing

Some changes have been made in purchasing. As an example, a pull type fertilizer spreader is going to be purchased. (The price will be reduced by trading in equipment that had not been used for a number of years.) A wheel-driven and transported spreader (as opposed to a three-point spreader) allows us to carry a greater payload and, consequently, reduce man-hours. We are also going to quit purchasing our fertilizer in sack form. It is more expensive and it takes increased man-hours to transfer the fertilizer from the sacks into the spreader when that can be done with a rented hopper. I could go into detail on a number of changes of this nature that have been made, but this gives you a "flavor."

Centralized Planning

This has been mentioned throughout this memorandum, but I wouldn't want it not to be noticed. Perhaps the greatest emphasis has been on better planning which involves all types of things: prioritizing; dispatching of the crews; dispatching of vehicles; inventory; the way the maintenance yard, secretarial force, and supervisors are organized; etc. A copy of a memorandum concerning contact with the Maintenance Department is attached to illustrate this point.

Roofing Study

We have recently received our roofing study. This will help efficiently use the monies that are allocated for that purpose in the School District. The study shows us where we need to begin to work immediately and what kinds of things we can allow to wait. It also relates to the flexibility I mentioned earlier. We are going to hire a roofer through a trade-off position who will begin to do the detail work in conjunction with the sheet metal man. The roofing study showed there are literally miles of this kind of work that needs to be done. To give an example, at Aloha High School, the report tells us that if we get on with the work having to do with repairing the caulking and flashing around the edge of the roof, it significantly lengthens the roof life but that if this work is not done, it will shorten the life span of the roof and it will need to be replaced several years sooner.

SUMMARY

This memo attempts to illustrate the type of planning and organization that should allow the Custodial Services and Maintenance Departments of the Beaverton School District to be efficient and lean and with "an eye" to cost efficiency. While the District cannot absorb too many cuts, the ones that are being made this year should be able to be withstood if planning and attention to detail are great enough.